

*The following scheme provides the legal cover for award of support inline with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*



From plants to products  
O blanhigion i gynhyrchion

# **BEACON Plus Research, Development and Innovation Scheme**

**State aid reference no: SA.60361**

**1 1. Member State**

United Kingdom

**1 2. Region**

Wales

**1 3. Title of aid Scheme**

BEACON Plus Research, Development and Innovation Scheme

**1 4. UK legal basis**

Aberystwyth University – Royal (Supplemental) Charter of 2007 as amended in 2014

Bangor University – Royal (Supplemental) charter 2007

Swansea University – Royal (Supplemental) charter of 2007

University of South Wales – Royal (Supplemental) charter of 2007

- Section 47 Higher Education (Wales) Act 2015
- Council Regulation 1083/2006 (OJ L 210 of 31.07.2006 page 25) {General Structural funds Regulation}
- Council Regulation 1080/2006 (OJ L 210 of 31.07.2006 page 1) {ERDF Regulation}

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The legislation which gives effect to EC Law in Wales is:

- the European Communities Act (1972) (section 2(1)); and
- the Government of Wales Act 2006 (section 80).

## **5. EC legal basis**

All aid provided under this Scheme will be within the limits set out in Articles 25 to 30 of Commission Regulation (EU) No. 651/2014 of 17 June 2014 and amended by Commission Regulation (EU) No. 2017/1084 of 14 June 2017 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation). A full version of the Regulation can be found at:

[http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2014.187.01.0001.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.187.01.0001.01.ENG)

A full version of the amending Regulation can be found at:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN>

Summary information relating to the Scheme has been registered with the Commission under reference **SA.60361**.

## **1 6. Definitions**

In this Scheme, the following expressions have the same meaning attributed to them as in the General Block Exemption. For ease of reference these have been replicated below (definitions are presented alphabetically):

**“Arm's length”** means that the conditions of the transaction between the contracting parties do not differ from those which would be stipulated between independent enterprises and contain no element of collusion. Any transaction that results from an open, transparent and non-discriminatory procedure is considered as meeting the arm's length principle

**“Assisted area”** means any of the regions in Wales designated as 1 107 (3) (a) or 107 (3) (c) area as identified in the UK Regional Aid Map 2014-2020 (SA.38113 (2014/N)). Further information can be found at Annex 1.

**“Date of granting the aid”** means the date when the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime.

**“Effective collaboration”** means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective

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based on the division of labour where the parties jointly define the scope of the collaborative project, contribute to its implementation and share its risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties of its financial risks. Contract research and provision of research services are not considered forms of collaboration.

**“Experimental development”** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services; Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements;

**“Feasibility study”** means the evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success

**“Fundamental research”** means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view.

**“Highly qualified personnel”** means staff having a tertiary education degree and at least 5 years of relevant professional experience which may also include doctoral training.

**“Industrial research”** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.

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**“Innovation advisory services”** means consultancy, assistance and training in the fields of knowledge transfer, acquisition, protection and exploitation of intangible assets, use of standards and regulations embedding them.

**“Innovation clusters”** means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, not-for-profit organisations and other related economic actors) designed to stimulate innovative activity through promotion, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking, information dissemination and collaboration among the undertakings and other organisations in the cluster.

**“Innovation support services”** means the provision of office space, data banks, libraries, market research, laboratories, quality labelling, testing and certification for the purpose of developing more effective products, processes or services.

**“Intangible assets”** means assets that do not have a physical or financial embodiment such as patents, licenses, know how or other intellectual property.

**“Large enterprise”** means any enterprise that is not an SME as defined in the definition of micro, small and medium-sized enterprises contained in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC), which took effect on 1 January 2005.<sup>1</sup>

**“Non-assisted areas”** means any of the regions in Wales not designated as an assisted area.

**“operating profit”** means the difference between the discounted revenues and the discounted operating costs over the economic lifetime of the investment, where this difference is positive. The operating costs include costs such as personnel costs, materials, contracted services, communications, energy, maintenance, rent, administration, but exclude depreciation charges and the costs of financing if these have been covered by investment aid. Discounting revenues and operating costs using an appropriate discount rate allows a reasonable profit to be made;

**“Organisational innovation”** means the implementation of a new organisational method in an undertaking's business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation,

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<sup>1</sup> [http://europa.eu/eur-lex/pri/en/oj/dat/2003/I\\_12420030520en00360041.pdf](http://europa.eu/eur-lex/pri/en/oj/dat/2003/I_12420030520en00360041.pdf)

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localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.

**“Personnel costs”** means the costs of researchers, technicians and other supporting staff to the extent employed on the relevant project or activity.

**“Process innovation”** means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products

**“The Regional Aid Map”** means the map approved by the Commission for the UK and published in accordance with paragraph 101 of the Guidelines on National Regional Aid for 2013-2020 (2006/C 54/08) (SA38113 (2014N)).

**“Repayable advance”** means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend upon the outcome of the project.

**“Research and knowledge-dissemination organisation”** means an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities the financing, the costs and the revenues of those economic activities must be accounted for separately. Undertakings that can exert a decisive influence upon such an entity, in the quality of, for example, shareholders or members, may not enjoy preferential access to the results generated by it.

**“Research infrastructure”** means facilities, resources and related services that are used by the scientific community to conduct research in their respective fields and covers scientific equipment or sets of instruments, knowledge-based resources such as collections, archives or structured scientific information, enabling information and communication technology-based infrastructures such as grid, computing, software and communication, or any other entity of a unique nature essential to conduct research. Such infrastructures may be ‘single-sited’ or ‘distributed’ (an organised network of resources) in accordance with Article

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2(a) of Council Regulation (EC) No 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC).

**“Secondment”** means temporary employment of staff by a beneficiary with the right for the staff to return to the previous employer.

**“SME”** means an enterprise that falls within the criteria and parameters of the definition of micro, small and medium-sized enterprises contained in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC), which took effect on 1 January 2005.<sup>2</sup>

**“Start of works”** means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment or any other commitment that makes an investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs ‘start of works’ means the moment of acquiring the assets directly linked to the acquired establishment.

**“Tangible assets”** means assets consisting of land, buildings and plant, machinery and equipment.

**“Undertaking in difficulty”** means an undertaking in respect of which at least one of the following circumstances occurs:

- (a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, "limited liability company" refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU<sup>34</sup> and "share capital" includes, where relevant, any share premium.
- (b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that

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<sup>2</sup> [http://europa.eu/eur-lex/pri/en/oj/dat/2003/I\\_12420030520en00360041.pdf](http://europa.eu/eur-lex/pri/en/oj/dat/2003/I_12420030520en00360041.pdf)

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- qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, "a company where at least some members have unlimited liability for the debt of the company" refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- (c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

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## 2 7. **Objective of the Scheme**

BEACON+ concentrates on key areas of industrial need and in particular activities which enable the development and delivery of collaborative R&D projects with businesses, based in the West Wales and Valleys and East Wales, with the aim to create new commercial products, processes and services and by so doing we will help the development, and increase the value, of the bioeconomy in Wales.

Welsh companies will be brought into BEACON+ via underpinning activities, including equipment demonstration days, visits to companies and interactive workshops. Our key outputs will be 260 collaborative R&D projects, supporting 160 enterprises to introduce new to firm products/processes, 28 new to market products/processes and registering 15 patents for new products.

Industrial needs identified from BEACON+ include:

- Access to pilot scale facilities to assess feasibility of new products and processes. The pilot facilities at Aberystwyth and Bangor critically de-risk business investment decisions and allow us to operate across technology readiness levels 3-6.
- A continuing and increasing consumer demand for more sustainable products which are less/ not reliant on fossil fuels. The cost of waste/ effluent management by companies in the bioeconomy.
- Waste valorisation and higher value products from waste streams and low value co-products are seen as key to future productivity.

### ***Key target areas***

- The creation of low carbon bio-derived and bio-degradable packaging materials for the packaging and retail industries.
- The creation of low carbon materials for use by the transport and construction industries that are lighter in weight and have improved insulation properties.

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- The generation of platform chemicals such as lactate and succinate which are the building blocks for the chemical industry to make plastics and other industrial materials.
- The use of separation technologies to provide products for the pharmaceutical, cosmetic and chemical industries.
- Development of solutions for end-of-life polyethylene to meet the needs of the chemical industry.
- The use of pyrolysis to create biochar and activated carbon for filtration and bioremediation.
- The integration of gasification and biotechnology as a source of chemical building blocks and fuels.
- Modifying the metabolic pathways in yeasts in order to create pharmaceuticals.
- Industrial symbiosis, the holistic treatment of products and processes to minimise waste and maximise value.

## 1 8. Government body authorised to implement the Scheme

The BEACON Plus partnership consisting of:  
Aberystwyth University, Bangor University, Swansea University and the University of South Wales.

## 9. Scope of the scheme

The scheme will be open to undertakings in Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Carmarthenshire; Ceredigion; Conwy; Denbighshire; Gwynedd; Isle of Anglesey; Merthyr Tydfil; Neath Port Talbot; Pembrokeshire; Rhondda Cynon Taff; Swansea; Torfaen; (Flintshire; Wrexham; Vale of Glamorgan; Outside of Wales; Newport; Monmouthshire and Powys are also offered but are not in WW&V) where the support will be available excluding those active in **the processing and marketing of agricultural products** when (1) the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the enterprise concerned or (2) the aid is conditional on being partly or entirely passed on to primary producers.

Where an undertaking is active in both an excluded sector and a non-excluded sector, aid may be given to fund non-excluded activities with the condition that activities in the excluded sector do not benefit from aid granted under this scheme.

In addition, aid will not be allowed in the following circumstances:

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- Aid to export related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- Aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787;
- Where aid is subject to the obligation for the beneficiary to have its headquarters in the relevant Member State or to be predominantly established in that Member State;
- Where the granting of aid is subject to the obligation for the beneficiary to use nationally produced goods or services;
- Aid contingent upon the use of domestic over imported goods;
- Where the aid measure restricts the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.

Aid may not be given where the proposed recipient is:

- Subject to an outstanding order for the recovery of aid in the same Member State which has been declared by the Commission to be illegal and incompatible with the common market; or
- Where aid is granted to an undertaking in difficulty.

## **10. Duration of the Scheme**

Aid under this Scheme may be granted until 31 December 2023. This scheme, registered under the General Block Exemption Regulation, will supersede the current BEACON Plus Research, Development and Innovation Scheme SA.49774.

## **11. Budget for aid under the Scheme**

Although there is no defined budget for aid under this scheme, it has been estimated that the total expenditure from 31<sup>st</sup> December 2017 – 31<sup>st</sup> December 2023 will be in the region of £6 million and will comprise a combination of domestic resources and European structural funds.

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Should the budget for this scheme increase Aberystwyth University will inform the European Commission.

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3 **12. Form of aid**

All aid awarded under the Scheme will be transparent and in line with criteria set out in Article 5 of the General Block Exemption Regulation. Aid may be awarded by way of grant towards the collaborative research and technology transfer activities of the research organisations in the BEACON Plus partnership.

### **13. Eligible activities to be supported under the scheme**

The Scheme supports various R&D&I activities. Detailed descriptions of the eligible activities that can be supported are set out in Schedules 1 and 2.

#### **Schedule 1: activity supported on a no State aid basis**

- Support for the primary activities of research organisations;
- Support to research organisations for technology transfer activities;
- Support for research organisations to undertake certain collaborative R&D&I projects;

#### **Schedule 2: activity where support is classed as State aid**

Support will be given in respect of the following activities under the Scheme:

- (a) Research & Development projects (including collaboration projects);
- (b) Investment aid for research infrastructures;
- (c) Aid for innovation clusters;
- (d) Innovation aid for SMEs;

Where support is classed as State aid, details are provided of the eligible costs<sup>3</sup>, the relevant aid intensities and maximum amount of support that can be awarded under the Scheme.

### **14. Incentive effect**

Aid recipients must demonstrate that the aid is required for projects to proceed by submitting a written application before work on the project activity has started. The application will as a minimum contain the following information:

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<sup>3</sup> Eligible costs must be transparent and directly and exclusively related to the project being funded

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- (a) Name and size of the undertaking receiving the aid;
- (b) Description of the project, including its start and end dates;
- (c) Location of the project;
- (d) List of project costs;
- (e) Form of and amount of public funding needed for the project.

## **15. Cumulation**

In determining whether the individual notification thresholds and the maximum aid intensities are respected, the total amount of State aid for the activity or project shall be taken into account, regardless of whether that support is financed from local, regional, national or Union sources.

Aid provided under this Scheme will not be cumulated with other forms of aid nor with aid classed as de minimis aid in regard to the same eligible costs if the result would breach the applicable aid intensities.

A mechanism is in place as part of the application process to ensure that cumulation of aid does not exceed the maximum allowable aid intensities of the Scheme. Due diligence checks will be carried out during the awarding process.

## **1 16. Monitoring and Reporting requirements**

All recipients of aid under the Scheme will be informed that aid has been provided under the Scheme, registered under **SA.60361** pursuant to Articles 25 to 30, of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation).

Records will be kept for 10 years from the date the last award of aid under the Scheme. Records will be sufficiently detailed to establish that the conditions of the Scheme are met.

Details of any award exceeding €500,000 given under this scheme will be made publicly available via a State aid website within 6 months of granting.

An annual report on the expenditure under this Scheme will be provided to the Commission.

Aberystwyth University shall provide the Commission with all the information and documentation the Commission considers necessary to monitor the application of this Regulation, within 20 days of such request from the Commission.

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For the purpose of calculating aid intensities and eligible costs, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

Contact information:

Project Co-Ordinator  
Institute of Biological, Environmental & Rural Sciences (IBERS)  
Aberystwyth University, Gogerddan,  
Ceredigion, SY23 3EB

Tel: (01970) 823042

E-mail: [mgm@aber.ac.uk](mailto:mgm@aber.ac.uk)

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## **Schedule 1: Funding awarded on a no State aid basis**

**Funding of the following activities is not considered to be State aid:**

In line with the criteria set out in the Commission Framework for State Aid for Research and Development and Innovation (2014/C 198/01) (the Framework), the following activities will be funded on a no State aid basis:

**a) Funding awarded directly to research and knowledge dissemination organisations and research infrastructures to carry out their primary activities.**

The primary activities which are deemed non economic in nature include:

- Provision of public education for more and better skilled human resources – public education organised within the national educational system, predominantly or entirely funded by the State and supervised by the State;

The carrying out of independent R&D to increase knowledge and gain better understanding, including collaborative R&D where the research and dissemination organisation or research infrastructure engaged in effective collaboration; and

- The wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, open-access databases, open publications or open software.

Where the same research and knowledge dissemination organisation or research infrastructure carries out activities of both an economic and non economic nature, the two kinds of activities and their costs, funding and revenues will be clearly separated so that cross subsidisation of the economic activity is avoided.

**b) Funding awarded directly to research organisations to undertake technology transfer activities.**

Where technology transfer activities are conducted either by the research and knowledge dissemination organisation or research infrastructure (including their departments or subsidiaries or jointly with or on behalf of other such entities where all profits from those activities are reinvested in the primary activities of the research and knowledge and dissemination organisation or research infrastructure. The non economic nature of those activities will not be prejudiced

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by contracting the provision of corresponding services to third parties by way of open tenders.

Where a research organisation or research infrastructure is used for both economic and non-economic activities, public funding only falls under State aid rules where it covers costs linked to economic activities. Where a research organisation or research infrastructure is used almost exclusively for a non-economic activity, its funding may still fall outside the State aid rules in its entirety as long as the economic use remains purely ancillary i.e. corresponds to an activity which is directly related to and necessary for the operation of the research organisation or research infrastructure or intrinsically linked to its main non-economic use, and which is limited in scope. This is considered to be the case when the economic activities consume exactly the same inputs (e.g. material, equipment, labour and fixed capital) as the non-economic activities and the capacity allocated each year to economic activities does not exceed 20% of the entity's overall annual capacity.

### **c) Collaborative research and development projects funded on a no State aid basis**

The Partnership will fund research organisations or research infrastructures to carry out collaborative research with enterprises in order to stimulate the development of more hi-tech R&D driven businesses.

Where such funding is awarded, there will be no indirect State aid granted through the research organisation to the enterprises if one of the following conditions, as outlined in section 2.2.2 of the Framework, is met:

- The participating undertakings bears the full cost of the project; or
- Results which do not give rise to intellectual property rights may be widely disseminated and any intellectual property rights which result from the activities of the research organisations or research infrastructures are fully allocated to the research organisation or research infrastructure concerned; or
- Any IPR generated by the project, as well as related access rights are allocated to the different collaboration partners in a way which adequately reflects their work packages, contributions and respective interests; or

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- The research organisations or research infrastructures receives from the participating undertaking compensation equivalent to the market price for the intellectual property rights which result from their activities and are assigned to the participating undertakings, or to which participating undertakings are allocated access rights. Any contribution by the participating undertaking (either financial or non financial) to the costs of the research organisation or research infrastructure that resulted in the IPR concerned can be deducted from that compensation.

Any compensation received will be considered to be equivalent to market price if it enables the research organisations or research infrastructure concerned to enjoy the full economic benefit of those rights, where one of the following conditions are met:

- (a) The amount of the compensation has been established by means of an open, transparent and non-discriminatory competitive sale procedure; or
- (b) An independent expert valuation confirms that the amount of the compensation is at least equal to the market price; or
- (c) The research organisation or research, as seller, can demonstrate that it effectively negotiated the compensation, at arm's length conditions, in order to obtain the maximum economic benefit at the moment when the contract is concluded, while considering its statutory objectives; or
- (d) In cases where the collaboration agreement provides the collaborating undertaking with a right of first refusal as regards IPR generated by the collaborating research organisations or research infrastructures, where those entities exercise a reciprocal right to solicit more economically advantageous offers from third parties so that the collaborating undertaking has to match its offer accordingly.

Where collaboration projects are operated on a no State aid basis, research organisations or research infrastructures must ensure that no indirect State aid is awarded to the enterprise. If the conditions of section 2.2.2 of the Framework cannot be demonstrated or evidenced, the full value of the contribution of the research organisation to the project will be considered as aid to the enterprise. Funding of such activity would need to be provided with the appropriate State aid cover (see Schedule 2 Section 2).

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## **Schedule 2(a): Aid for research and development projects**

### **Objective of the aid**

To provide direct support to undertakings to allow them to undertake research and development projects. The part of the project supported must fall completely within one or more of the following categories:

- i. Fundamental research;
- ii. Industrial research;
- iii. Experimental development;
- iv. Feasibility studies.

### **Eligible costs**

The costs of the project must be transparent and directly and exclusively related to the project.

Each eligible cost identified for the project must be allocated to a specific category of research and development. The eligible costs are:

- Personnel costs: researchers, technicians and other supporting staff to the extent that they are employed on the project;
- Costs of instruments and equipment to the extent and for the period used for the project. When such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;
- Costs of buildings and land, to the extent and for the duration period used for the project. With regards to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;
- Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- Additional overheads and other operating expenses, including the costs of materials, supplies and similar products, incurred directly as a result of the project.

The eligible costs for feasibility studies are the costs of the study.

### **Aid intensities**

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*The following scheme provides the legal cover for award of support inline with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*

The following aid intensities will apply:

| <b>Size of beneficiary</b> | <b>Fundamental Research</b> | <b>Industrial Research</b> | <b>Experimental Development</b> | <b>Feasibility study</b> |
|----------------------------|-----------------------------|----------------------------|---------------------------------|--------------------------|
| Small enterprise           | 100%                        | 70%                        | 45%                             | 70%                      |
| Medium size enterprise     | 100%                        | 60%                        | 35%                             | 60%                      |
| Large enterprise           | 100%                        | 50%                        | 25%                             | 50%                      |

An additional 15% (see table below) for industrial and experimental development research projects (up to a maximum 80%) can be added if one of the following conditions is met:

- (i) The project involves effective collaboration:
  - Between undertakings among which at least one is an SME or is carried out in at least two Member States or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs; or
  - Between an undertaking and one or more research and knowledge-dissemination organisations where the latter bear at least 10% of the eligible costs and have the right to publish their own research results.
- (ii) The results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.

| <b>Size of beneficiary</b> | <b>Industrial Research</b> | <b>Experimental Development</b> |
|----------------------------|----------------------------|---------------------------------|
| Small enterprise           | 80%                        | 60%                             |
| Medium size enterprise     | 75%                        | 50%                             |
| Large enterprise           | 65%                        | 40%                             |

### **Notification threshold**

Aid awarded under this scheme will be granted up to the amounts set out in the table below per undertaking per project under.

|                      | <b>Notification threshold</b> | <b>Notification threshold where aid is given as a repayable advance<sup>4</sup></b> |
|----------------------|-------------------------------|---|
| <b>Predominantly</b> | €40 million                   | €50 million   |

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|   |              |               |
|---|--------------|---------------|
| <b>Fundamental Research</b>                   |              |               |
| <b>Predominantly Industrial Research</b>      | €20 Million  | €30 million   |
| <b>Predominantly Experimental Development</b> | €15 million  | €22.5 million |
| <b>Feasibility Studies</b>                    | €7.5 million | €7.5 million  |

**Predominantly Fundamental Research is where more than half of the projects eligible costs are incurred through activities which fall within the category of fundamental research.**

**Predominantly Industrial Research is where more than half of the projects eligible costs are incurred through activities which fall within the category of industrial research. Or within the categories of industrial research and fundamental research taken together.**

**Predominantly Experimental Development is where more than half of the projects eligible costs are incurred through activities which fall within the category of experimental development.**

Where the project is a EUREKA project or implemented by a joint undertaking as defined on the basis of Article 185 or of Article 187 of the Treaty on the Functioning of the European Union the following notification thresholds apply:

|   | <b>Notification threshold</b> |
|---|-------------------------------|
| <b>Predominantly Fundamental Research</b>     | €80 million                   |
| <b>Predominantly Industrial Research</b>      | €40 Million                   |
| <b>Predominantly Experimental Development</b> | €30 million                   |

<sup>4</sup> Where there is no accepted methodology to calculate the gross grant equivalent, the repayable advance should be expressed as a % of the eligible cost and the measure provides that in the case of a successful outcome of the project, as defined on the basis of a reasonable and prudent hypothesis, the advance will be repaid with an interest rate at least equal to the discount rate applicable at the time of the grant

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## **Schedule 2 (b): Investment aid for research infrastructures**

### **Objective of the aid**

To provide investment support for the construction or upgrade of research infrastructures that perform economic activities. Where the infrastructure pursues both economic and non-economic activities, the financing, costs and revenues of each type of activity will be accounted for separately on the basis of a consistently applied and objectively justifiable cost accounting principles.

The price charged for the operation or to use the infrastructure will correspond to the market rate.

Access to the infrastructure will be open to several users and granted on a transparent and non-discriminatory basis. Undertakings that have financed at least 10% of the investment costs of the infrastructure may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access will be proportional to the undertaking's contribution to the investment costs and these conditions must be made publicly available.

### **Eligible costs**

The costs of the project must be transparent and directly and exclusively related to the project.

The eligible costs are the investment costs in intangible and tangible assets.

### **Aid intensities**

Up to 50% of eligible costs can be supported.

Where a research infrastructure receives public funding for both economic and non-economic activities, a monitoring and claw-back mechanism will be put in place to ensure that the applicable aid intensity is not exceeded as a result of an increase in the share of economic activities compared to the situation envisaged at the time of the awarding aid.

### **Notification threshold**

Aid awarded under this scheme will be granted up to €20 million per infrastructure.

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## **Schedule 2 (c): Aid for innovation clusters**

### **Objective of the aid**

To provide support for innovation clusters. Aid will be granted exclusively to the legal entity operating the innovation cluster (innovation organisation).

Access to the cluster's premises, facilities and activities will be open to several users and granted on a transparent and non-discriminatory basis. Undertakings that have financed at least 10% of the investment costs of the innovation cluster may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access will be proportional to the undertaking's contribution to the investment costs and these conditions will be made publicly available.

The fees charged for using the cluster's facilities and for participating in the cluster's activities will correspond to the market price or reflect their costs.

### **Eligible costs**

The costs of the project must be transparent and directly and exclusively related to the project.

Investment aid can be granted for the construction or upgrade of innovation clusters. The eligible costs will be the investment costs in tangible and intangible assets.

Support can be provided for operating aid for innovation cluster for up to 10 years. The eligible costs for operating aid for innovation costs are the personnel and administrative costs (including overhead costs) relating to:

- (a) Animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services;
- (b) Marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility;
- (c) Management of the cluster's facilities; organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation.

### **Aid intensities**

The following aid intensities apply to investment aid in innovation clusters:

|                           |     |
|---------------------------|-----|
| Clusters in 107 (a) areas | 65% |
| Clusters in 107 (c) areas | 55% |

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|                    |     |
|--------------------|-----|
| Non-assisted areas | 50% |
|--------------------|-----|

Up to 50% of total eligible operating costs can be supported over the period which aid is granted.

**Notification threshold**

Aid awarded under this scheme will be granted up to €7.5 million per cluster.

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## **Schedule 2 (d): Innovation aid for SMEs**

### **Objective of the aid**

To provide support for innovation for SMEs.

### **Eligible costs**

The costs of the project must be transparent and directly and exclusively related to the project.

The following costs are eligible:

- (a) Costs for obtaining, validating and defending patents and other intangible assets;
- (b) Costs for secondment of highly qualified personnel from a research and knowledge-dissemination organisation or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel;
- (c) Costs for innovation advisory and support services.

### **Aid intensities**

The aid intensity shall be up to 50% of eligible costs. This can be increased to 100% of the eligible costs provided that the total amount of aid for innovation advisory and advisory support services does not exceed €200,000 per undertaking within any three year period.

### **Notification threshold**

Aid awarded under this scheme to will be granted up to €5 million per undertaking, per project.

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*The following scheme provides the legal cover for award of support inline with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*

## ANNEX 1

### **Assisted Areas 2014-2020**

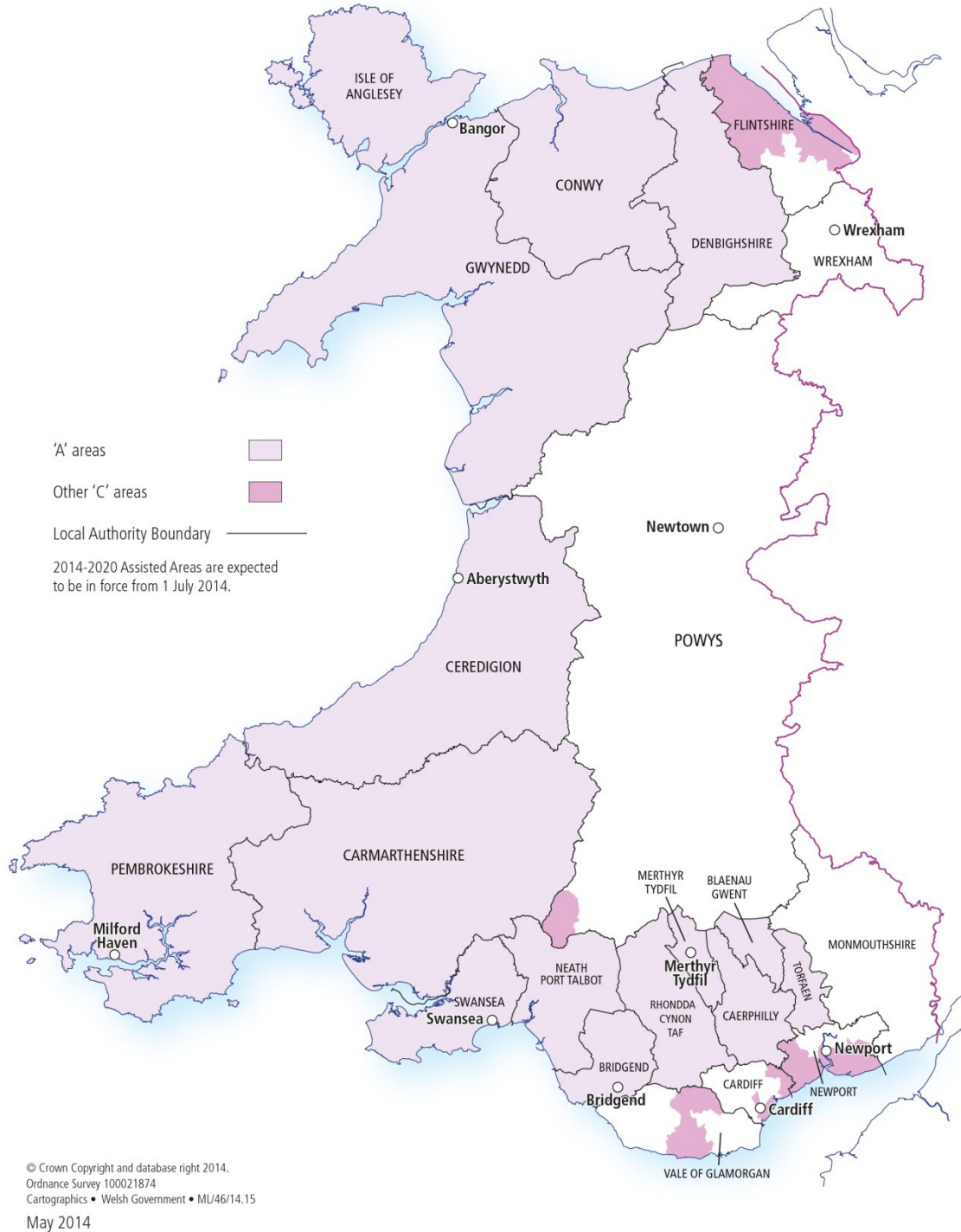
The UK Assisted Areas for the period 2014-2020 have been determined in line with the criteria identified within the Guidelines on National Regional Aid for 2014-2020. The UK map was notified to the Commission and subsequently approved under State aid decision SA.38113 (2014/N).

In Wales, West Wales and the Valleys continue to retain full Article 107(3)(a) status eligible for the higher levels of funding. Areas of Flintshire, the Vale of Glamorgan Cardiff, Newport and Powys have been identified as Article 107(3)(c) areas.

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# Assisted Areas 2014-2020



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### **Assisted Areas 107(3)(a) local authority areas**

Blaenau Gwent County Borough Council  
Bridgend County Borough Council  
Caerphilly County Borough Council  
Carmarthenshire County Council  
Ceredigion County Council  
Conwy County Borough Council  
Denbighshire County Council  
Gwynedd Council  
Isle of Anglesey County Council  
Merthyr Tydfil County Borough Council  
Neath Port Talbot County Council  
Pembrokeshire County Council  
Rhondda Cynon Taff County Borough Council  
City and County of Swansea  
Torfaen County Borough Council

### **Assisted Areas 107(3)(c) Wards**

|           |            |           |                          |
|-----------|------------|-----------|--------------------------|
| Wales UKL | Flintshire | W06000005 | Aston ED                 |
| Wales UKL | Flintshire | W06000005 | Bagillt East ED          |
| Wales UKL | Flintshire | W06000005 | Bagillt West ED          |
| Wales UKL | Flintshire | W06000005 | Broughton North East ED  |
| Wales UKL | Flintshire | W06000005 | Broughton South ED       |
| Wales UKL | Flintshire | W06000005 | Brynford ED              |
| Wales UKL | Flintshire | W06000005 | Buckley Mountain ED      |
| Wales UKL | Flintshire | W06000005 | Caerwys ED               |
| Wales UKL | Flintshire | W06000005 | Cilcain ED               |
| Wales UKL | Flintshire | W06000005 | Connah's Quay Central ED |
| Wales UKL | Flintshire | W06000005 | Connah's Quay Golftyn ED |
| Wales UKL | Flintshire | W06000005 | Connah's Quay South ED   |
| Wales UKL | Flintshire | W06000005 | Connah's Quay Wepre ED   |
| Wales UKL | Flintshire | W06000005 | Ewloe ED                 |
| Wales UKL | Flintshire | W06000005 | Ffynnongroyw ED          |
| Wales UKL | Flintshire | W06000005 | Flint Castle ED          |
| Wales UKL | Flintshire | W06000005 | Flint Coleshill ED       |
| Wales UKL | Flintshire | W06000005 | Flint Oakenholt ED       |
| Wales UKL | Flintshire | W06000005 | Flint Trelawny ED        |
| Wales UKL | Flintshire | W06000005 | Greenfield ED            |
| Wales UKL | Flintshire | W06000005 | Gronant ED               |
| Wales UKL | Flintshire | W06000005 | Halkyn ED                |
| Wales UKL | Flintshire | W06000005 | Hawarden ED              |

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|           |                       |           |                                |
|-----------|-----------------------|-----------|--------------------------------|
| Wales UKL | Flintshire            | W06000005 | Holywell Central ED            |
| Wales UKL | Flintshire            | W06000005 | Holywell East ED               |
| Wales UKL | Flintshire            | W06000005 | Holywell West ED               |
| Wales UKL | Flintshire            | W06000005 | Mancot ED                      |
| Wales UKL | Flintshire            | W06000005 | Mostyn ED                      |
| Wales UKL | Flintshire            | W06000005 | Northop Hall ED                |
| Wales UKL | Flintshire            | W06000005 | Queensferry ED                 |
| Wales UKL | Flintshire            | W06000005 | Sealand ED                     |
| Wales UKL | Flintshire            | W06000005 | Shotton East ED                |
| Wales UKL | Flintshire            | W06000005 | Shotton Higher ED              |
| Wales UKL | Flintshire            | W06000005 | Shotton West ED                |
| Wales UKL | Flintshire            | W06000005 | Trelawnyd and Gwaenysgor ED    |
| Wales UKL | Flintshire            | W06000005 | Whitford ED                    |
| Wales UKL | The Vale of Glamorgan | W06000014 | Peterston-super-Ely ED         |
| Wales UKL | The Vale of Glamorgan | W06000014 | Rhoose ED                      |
| Wales UKL | The Vale of Glamorgan | W06000014 | St. Athan ED                   |
| Wales UKL | Cardiff               | W06000015 | Butetown ED                    |
| Wales UKL | Cardiff               | W06000015 | Cathays ED                     |
| Wales UKL | Cardiff               | W06000015 | Splott ED                      |
| Wales UKL | Cardiff               | W06000015 | Pontprennau/Old St. Mellons ED |
| Wales UKL | Cardiff               | W06000015 | Trowbridge ED                  |
| Wales UKL | Newport               | W06000022 | Graig ED                       |
| Wales UKL | Newport               | W06000022 | Liswerry ED                    |
| Wales UKL | Newport               | W06000022 | Llanwern ED                    |
| Wales UKL | Newport               | W06000022 | Marshfield ED                  |
| Wales UKL | Newport               | W06000022 | Pillgwenlly ED                 |
| Wales UKL | Newport               | W06000022 | Stow Hill ED                   |
| Wales UKL | Newport               | W06000022 | Tredegar Park ED               |
| Wales UKL | Powys                 | W06000023 | Aber-Craf ED                   |
| Wales UKL | Powys                 | W06000023 | Cwm-Twrch ED                   |
| Wales UKL | Powys                 | W06000023 | Ynyscedwyn ED                  |
| Wales UKL | Powys                 | W06000023 | Ystradgynlais ED               |

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